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THE MANAGEMENT AND SALES MAGAZINE FO[illegible]RIBUTORS

EXCLUSIVE

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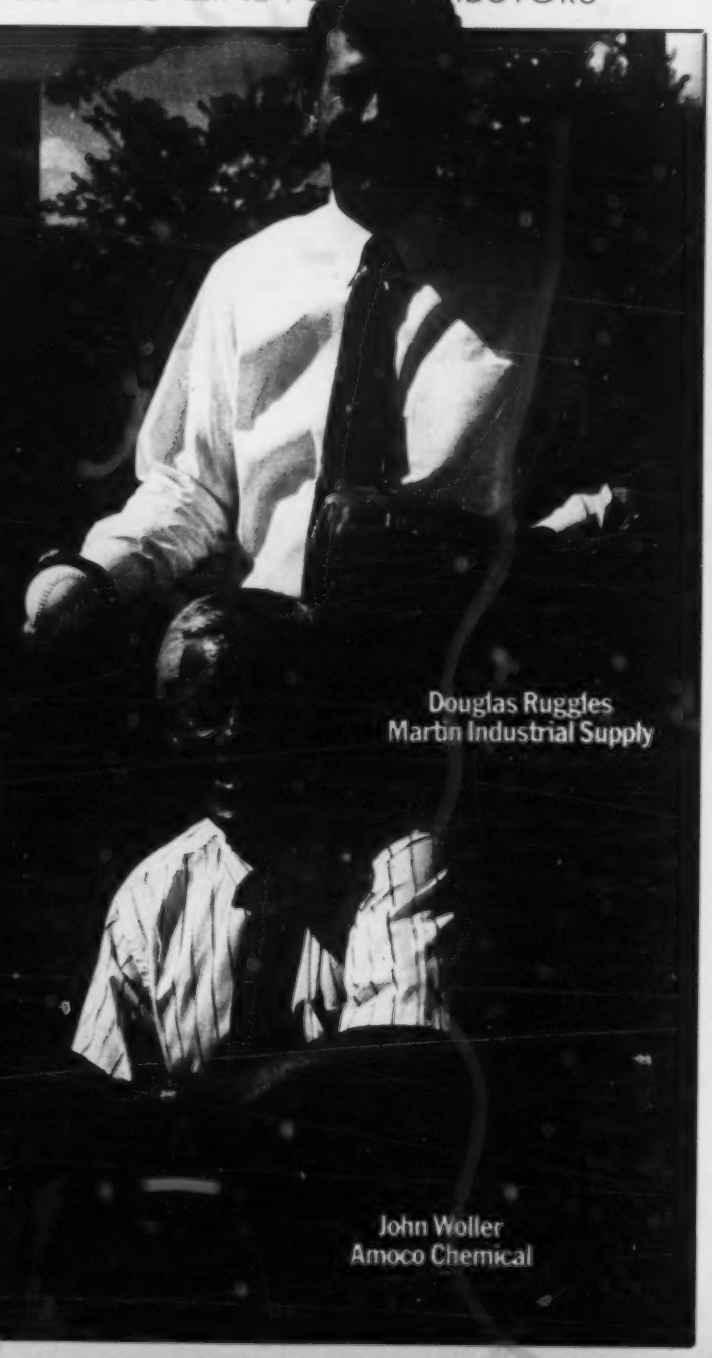

Douglas Ruggles
Martin Industrial Supply

John Woller
Amoco Chemical

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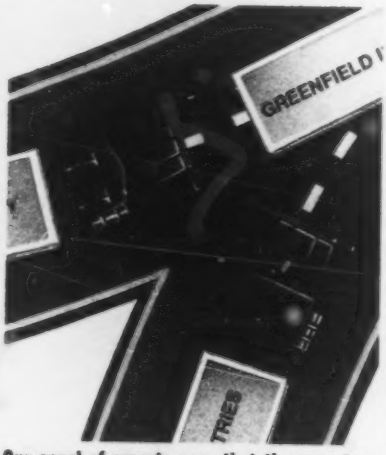
THE MANAGEMENT AND SALES MAGAZINE FOR DISTRIBUTORS

John Scroggins and Douglas Ruggles have gone beyond partnering—they're teammates.—p. 20



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Buyers & Distributors:

It's time for teamwork

Partnering, quality and total cost take center stage as the distributor base diminishes. In selling to purchasing, the shift calls for a whole new approach. Are you ready for the challenge?

Christine Forbes, Associate Editor

"To say there has been significant change in the industry is to put it mildly"—Michael Kinder, CPM, vice president of Moore Langen Printing, Inc.

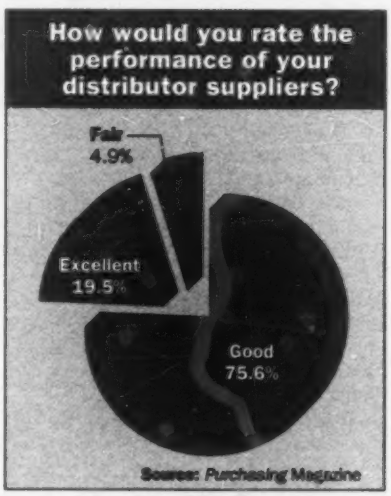
"The overall business environment has changed remarkably"—George R.A. Milne, CPM, vice president of purchasing for the Plumbing Products Division of Masco Corp., The Delta Faucet Co.

"Over the past five years, there has been a 20% change in basic duties and the importance of the roles those responsibilities play."—R. Jerry Baker, CPM, executive vice president of the National Association of Purchasing Management (NAPM).

"Change in the industry has been profound, and it will continue to be dramatic. There will be as much change in the next five years as there was in all of the past 20 years combined. The future is rushing to meet us."—Brian Reynolds, director of the quality process, Briggs-Weaver, Inc.

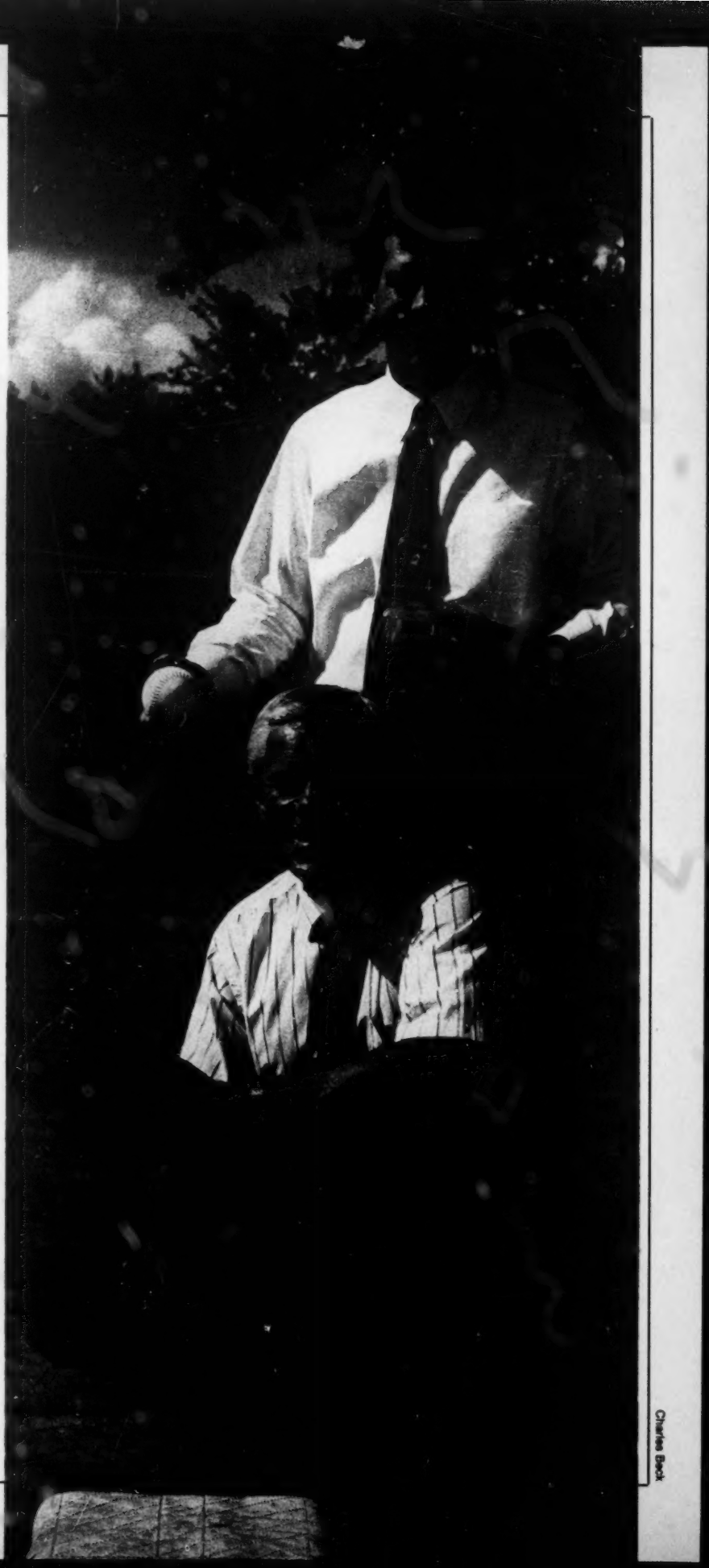
It's unanimous. Purchasing managers and distributors alike agree. The wind has shifted. Distribution and purchasing are playing on a different field with a whole new set of rules and equipment. The game has gone from one of primarily inventory management and sales to value-added and total quality management. Some might say it's like going from Little League right into the majors.

Clearly, to say the distribution and purchasing game is new is a gross understatement. You see it every day and industry numbers prove it. But, that doesn't make connecting for a round tripper any easier. That's why we've talked to purchasing managers and distributors all over the country. In this feature we spotlight the issues that play critical roles in your business and the business of your purchasing counterparts. Read on—what we learned just might surprise you . . .



The most profound change that has taken place in the industry in the past several years is the trend towards a smaller supplier base. According to Jack O'Connor, the publisher of *Purchasing* magazine, "More sharp purchasing departments are forging stronger, tighter, longer-term relationships with key

Playing together as members of the same team, Martin Supply's Douglas Ruggles and John Woller of Amoco turn purchasing and distribution into a winning game.



Charles Beck

suppliers." GTE, for example, cut its distributor base from 28,000 to 3,000. And NCR does business with 46% fewer distributors today than it did in 1985. And the list of trend-setting companies doesn't end there. Including the likes of GE, Amoco and Motorola, the ranks swell daily as the benefits of such a practice are revealed.

Just what are the benefits? George R.A. Milne, CPM, vice president of purchasing for the Plumbing Products Division of Masco Corp. (The Delta Faucet Co.) in Indianapolis, Ind., estimates that his company depleted its supplier base by 1/3 over the past several years. Primary reasons for the change include efficiency and cost. He offers his firm's copier supplier as a prime example. "We used to have three different makes and models of copiers, and it made no sense," he says. "To repair and maintain the equipment, we had to call in a different company each time, and accounting had to process the accounts accordingly." To curtail these incidental fees and to improve operational efficiency, Delta selected one supplier, and now the company is beginning to mirror these practices in other branches of the business, including MRO. "A smaller supplier base is the way of the future in MRO," Milne predicts.

Bob Haffty, CPIM, procurement manager for Raytheon Missile Systems Laboratory in Tewksbury, Mass., views a diminished supplier base as the most viable option for his company for the same reasons. "We are contracting our supplier base now by identifying the 'best and the brightest' and focusing our business on these few distributors," Haffty says. "With too many suppliers on our data base, performance tracking becomes fragmented and less conclusive. But, cutting the base enables us to monitor and control our costs, and to get the most efficient suppliers in each segment."

Incidental costs add up, there's no doubt about it. But, the trend that's

fueling the move to a trimmer supplier base is called total cost. "Today, price means what a product costs to obtain, handle and receive more than what the product itself costs," says R. Jerry Baker, CPM, executive vice president of the National Association of Purchasing Management (NAPM) in Tempe, Ariz. The emphasis has deviated from the short-term charges on each item to the price levied on downtime due to late delivery, poor service, or faulty parts. And, according to purchasing professionals, developing fewer long-term relationships makes achieving the lowest total cost possible. "Don't get me wrong, price is still important," explains Kinder. "But, we're more willing now to pay a higher single purchase price when better total cost benefits are guaranteed."

Construction Services' John Scroggins and Douglas Ruggles of Martin Supply take their purchasing and distribution relationship one step at a time.

Partners in success

While cost and efficiency rank high on the list of advantages of a tighter supplier base, the repertoire of additional benefits goes on and on. One of those benefits is also a current industry buzz word—partnering. Cutting the supplier base affords companies the opportunity to develop stronger relationships—or partnerships—than would otherwise be possible.

Douglas Ruggles, account manager for Martin Industrial Supply's Decatur, Ala. branch, experiences the benefits of partnering first hand, thanks to the firm's relationship with Amoco Chemical in the same city. In a partnering relationship with Amoco since 1967, Martin's Decatur branch is located in an existing building on Amoco property. In the unique relationship, Martin inventories and services the chemical account, but doesn't deliver product. "They pick up daily from our warehouse," Ruggles reports. However, there's a lot more to this picture than meets the eye.

Because of the nature of the partnership—and thanks to a lot of conscientious effort—Martin and Amoco work harmoniously. John Woller, materials management supervisor for Amoco says, "We have a mutual understanding of one another's requirements. Because of that we're in the position to lower Martin's costs, and they are in a position to lower ours. That, in turn, gives us better value at a lower cost."

But, money isn't the only factor that comes into play. Woller salutes partnerships for all the other advantages they afford as well. "With partners like Martin, we are practically guaranteed quality, reliability, accuracy, competitive pricing, and value," Woller says. "And frankly, that's the name of the game in purchasing."

Milne concurs with Woller wholeheartedly. Delta cut its supplier base by category—selecting distributors to fill all requirements in sub-groups. In the fasteners area, for example, the company eliminated the need to continually change and monitor suppliers by setting up partnerships with a select few. In the current arrangement, one fastener distributor is contracted to maintain Delta's inventory—going right to the crib twice per week to make sure required stocks are available. At the end of the month, only one purchase order listing one line item ("fasteners") is sent. "The system eliminates seven p.o.'s per week as well as the typing of nearly 100 line items," Milne explains. "In this situation, the distributor becomes a more important player. We depend upon him solely for support."

Decisions, decisions

The move towards partnering exemplified by Delta Faucet and Amoco represents a monumental change in the industry. As Ruggles explains, "In many ways, it's gone from an adversarial mentality, to a mutually beneficial arrangement that allows partnering to happen." But, distributors and purchasing professionals alike agree that a whole slew of factors prompted the emergence of the trend. And, these elements serve as examples of change as well.

One of those factors is the growing emphasis on value-added services. In a recent survey conducted by the Industrial Distribution Assn. (I.D.A.), 70% of the purchasing professionals polled view distributors as a value-added service. And, Don Ruggles, president of Martin Supply couldn't agree more, "Selling value-added service is what distribution is all about," he notes.

In the power transmission industry, value-added means application and engineering support. Contrastly, in other industries, value-added may mean a physical adaptation to a product such as lining for a pipe. And, according to many distributors—the demand from purchasing for these unique services is mounting. "There has been an increase in the need for general value-added services in the industry," notes Tom Volk, president of Ohio Belting & Transmission in Toledo, Ohio. Woller concurs, "There are so many issues factored into the purchasing formula and value-added is an increasingly important one," he says. "We certainly look to our distributors for these services."

Volk reports that while this is true in some cases, he also sees shortfalls in the value-added area. Called in

by an engineer to solve an operations problem, Volk and his staff engineer went to the plant and solved the problem with equipment from five different companies. They set a unit price for the equipment needed and when they hadn't received the order a week later, Volk called purchasing. They told him the company bought the equipment from five different distributors for a lower price per unit. "The price was 5% lower than mine in the end—but we provided the service to develop the program in the first place," he says. "Manufacturers are becoming better at recognizing the role of these services, but some have a long way to go."

The quality crunch

According to *Purchasing* magazine, currently the most important demand from customers is on the quality front.

And it's easy to see why. As Liston Coggins, purchasing agent for Decatur-based Matthews Industries says, "In order to sell quality to our customers, we have to stress quality with our vendors. After all, you can't take junk and make quality out of it!" So now the question is, what's quality?

From a purchasing manager's perspective, quality could mean everything from delivery and availability to product performance and customer service. And, guess what? It usually does. "The demands being placed upon distributors today are profound," says NAPM's Baker.

Perhaps no one knows that truth better than Brian Reynolds, director of the quality process at Briggs-Weaver in Dallas. Since beginning at the general-line company several years ago, Reynolds has been tracking the needs of the customer as they relate to quality. Part of that effort was a recent customer quality forum in which Briggs-Weaver brought 20 customers with buying influence to Dallas to address current and future requirements on the quality front.

Everything from on-time delivery and commitment to the quality process to innovation and value-added services made the list of top 10 requirements. "It seems clear that the quality process is an excellent way for a distributor to position itself in this competitive market," Reynolds notes. "There were no real surprises. They all want the same thing—the trick is figuring out how to deliver it," says Reynolds.

Our research brought largely the same results as Briggs-Weaver's. Like them, we found that quality requirements vary sharply according to the size of the customer, his needs, the extent to which he has implemented the quality process, and the nature of the business.

Amoco, for example, not only wants quality performance from its distributors, the company demands it. Through a system of plant-wide supplier measurements, Amoco monitors distributor non-conformance, factoring such variables as delivery, availability, customer service, product quality, administrative errors, etc. "Those who don't conform to our standards are gone—it's as simple as that," notes Woller. "The system eliminates the bad guy and makes the good guy the survivor." According to the SPC results posted on Woller's wall, the system is doing its job. From August 1990 to April 1991, non-conformance costs among vendors has plummeted by 60%.

At Raytheon, another sizable player in the purchasing game, "quality plays a strong role." Haffty says. "With many distributors vying for your business, it's usually a simple matter to switch to one who provides quality product and service rather than to stay with one who doesn't."

But, what about at the smaller houses where price is the first order of business? John Scroggins, shop

Insights from purchasing pros

One sticky day in late May, ID went on the road with Douglas Ruggles, account manager for the Decatur, Ala. branch of Martin Industrial Supply. We travelled from the internationally known Amoco Chemical Company to a small specialty construction firm called Construction Services, Inc. And, the mission? To get a first-hand look at the buyer/distributor relationship, and to find out what elements of that relationship mean the most.

We met six purchasing professionals that day from businesses of varying size and specialization . . . and this is what they said.

Name: John Woller
Title: Materials Management Supervisor
Company: Amoco Chemical/Decatur
Top Priorities: Quality, customer service, value, delivery, continuous improvement
Quote: "Continuous improvement is the name of the game. 0% error is out there somewhere!"

Names: Bill Barnes, Brenda Rutherford
Titles: Materials Manager, Purchasing Assistant
Company: American Fructose Corp.
Top Priorities: Total cost, delivery, local stock, qualified staff, technical expertise
Quote: "We look for our distributors to be progressive and aggressive."—Barnes

Name: Mary White
Title: Buyer
Company: Fluor Daniels
Top Priorities: Total cost, delivery, straight-forward approach to selling, technical assistance
Quote: "The key is to get to know distributors and let them know what you expect. Then you can let them know you mean business."

Name: John Scroggins
Title: Shop Purchasing Agent
Company: Construction Services, Inc.
Top Priorities: Understanding of the business, price, immediate availability, technical assistance, qualified, courteous staff, strong working relationship
Quote: "A good distributor either knows the answers or he knows how to get them."

Name: Liston Coggins
Title: Purchasing Agent
Company: Matthews Industries, Inc.
Top Priorities: Commitment to quality, total cost, local stock, delivery, open communication, technical support
Quote: "In this business, you have to strike while the iron's hot, or you lose. That's why I want what I asked for on the day I asked for it—bottom line."

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Buyers & Distributors

purchasing agent for Decatur-based Construction Services, Inc., notes that quality is important, but purchase price and availability are often paramount. "For us, the difference between high quality and low quality is often negligible," he says. "I pay the low price when I can—and I do demand competitive rates. But, I'll pay the higher price if I have to. The bottom line is that the product is no good to me if I don't have it."

What's missing?

In a recent survey conducted by *Purchasing* magazine, 1,000 purchasing respondents were asked to rate the performance of their distributors. According to the study results, 75.6% of purchasing managers rate their distributors' performance as good; 4.9% rate their performance as fair; and 19.5% report excellent performance from their distributors. At ID, we were curious as to why only about 20% of distributors rated in the excellent range . . . so we looked into the reasons.

Purchasing's Top 10 Priorities

1. Quality
2. Service
3. Total cost
4. Delivery
5. Availability
6. Price
7. Technical assistance
8. Ease of doing business
9. Quality of lines
10. Electronic data interchange

According to many purchasing managers, one area where distributors fall behind is communication. They report that distributors often fail to investigate the needs and wants of the customer. "It's purchasing's job to set standards, and distribution's job to meet them. But, if the distributors aren't aware of what's expected, they can't possibly do their jobs," asserts Kinder. He suggests that not only outside sales and management, but also inside sales and other members of the staff would benefit knowing their customers. "They need to understand where purchasing is coming from too," he says.

Don Ruggles points out that it's also critical for distributors to make purchasing managers aware of their own limitations. "Distributors need to toot their own horn about what they can do," he says. "But, they need to communicate about what they can't deliver too."

Under the guise of distributor/buyer communication comes the mediums of communication. Technological channels like electronic data interchange (EDI) come high on the priority lists of many purchasing professionals who seek error-free, less costly, and more efficient communication. And, in many cases, the EDI call is one that's going unanswered. "Distributors need to be more open to EDI because we are beginning to require it," says Haffty. "It will become an obstacle if they don't."

Education and technical ability are other areas where purchasing says distribution is lacking. "Engineering and technical support has fallen to the wayside," contends Milne. "We look to our distributors to provide this kind of information and assistance—particularly as our own staffs are being reduced." Brenda Rutherford, purchasing assistant for American Fructose Corp. in Decatur agrees. "In this business, we buy so many things that there's just no way we could know exactly what we need in every situation, not to mention how everything works. We count on our distributors extensively for this kind of help," she says.

What does purchasing seek specifically? According to Milne, new product information is critical. "One of our distributors introduced a reusable container I'd never seen. We've been using it ever since and it saves money. I'd like to see more of that from other distributors," he says. Other buyers rank knowledge of the product, its applications and its uses high on the list. Haffty adds, "I feel strongly that distributors should do their own screening to determine which products are best and most cost-efficient. Only then should they be added to their lines."

Everything from total quality and strong partnering to better lines and an improved ability to apply them ring in the ears of distributors daily. It's clear. Purchasing's demands are up—but so is the ability to profit from those demands. Yes, the game has changed. But that just means strategies have to change with them. To win, you might have to throw a curve ball instead of a fast ball. Are you ready for the challenge? ID

A year of uncertainty for valves

But any hard times in the pipe, valves and fittings market are only a stimulant for A&M Industrial Supply in Rahway, N.J.

By Douglas C. Harper, Contributing Editor

Like an aging movie star wondering if she can still play the leading role that made her famous, the industrial valve industry is looking back wistfully to its glory days of the early 1980s. And it frankly admits that it is facing an unknown and somewhat perilous future.

Writing in the Winter issue of *Valve Magazine*, published by the Washington-based Valve Manufacturers Assn. of America (VMA), Daniel L. DeSantis, the organization's chairman, titled his article "A Year of Uncertainty."

In his conclusion, DeSantis wrote, "I would suggest that 1991 could turn out to be a milestone in our cherished history, where we turned adversity into opportunity, confused the economists, and proved once again the power of positive thinking. My hope is that the valve industry can lead this effort in a dynamic and vigorous way."

But judged by its performance since 1981, the valve industry needs all of the positive thinking and action that it can muster.

According to statistics released by the VMA, the last decade produced the following dollar value of U.S. industrial valves shipments (shown in $ millions):

1980	2,687.0
1981	2,898.0
1982	2,659.0
1983	2,225.0
1984	2,344.0
1985	2,353.0
1986	2,232.0
1987	2,207.0
1988	2,481.0
1989	2,596.0
1990	2,629.7

The statistical message is not overly encouraging. In four of the last ten years, shipments compared to the previous year showed a decrease. And 1990—the best year since 1983—still accounted for $268.3 million less than 1981, the best year of the decade even though totals are shown in real dollars, unadjusted for inflation.

Equally unsettling is the fact that between 1980 and 1990, valve exports rose from $760 million to $889 million and valve imports increased from $760 million to $1.12 billion.

The road ahead

According to Mr. DeSantis, who is also president and CEO of Neles-Jamesbury, a valve manufacturer headquartered in Worcester, Mass., the slump that occurred in the mid-80s was at least partially attributable to the strength of the dollar which stifled exports and encouraged imports.

"Most valve companies were in difficulty and the industry was only operating at about 58% of its capacity," DeSantis notes.

But, he says, the turnaround began in 1988. "The dollar weakened and, at the same time, a lot of valve companies had become much leaner in terms of organization during the recessionary period. So as the economy began to improve, the industry started to recover lost ground," DeSantis points out.

Still, recovery from the recession is only beginning, and that's why 1991 is a year of uncertainty for the valve industry.

A&M weathers the storm

But one distributorship in New Jersey, A&M Industrial Supply in Rahway, has ridden out the recession without missing a beat by parlaying a dedication to service and its expertise in pipe, valves and fittings into a $14 million business.

"We grow at the rate of between 10 to 15% a year. Never any more in one year and seldom any less," says A&M's president and co-founder, 60-year old Arnold Young.

While it was discount competition that originally persuaded Young to leave the hardware business and venture into industrial distribution, pricing isn't his overriding concern.

"Ultimately, I don't think that the individual with the lowest price is the one who necessarily gets the business. It's more often the one who has the expertise and offers the service," says Young.

Technical expertise moves valves, gauges and instrumentation for A&M's (left to right) Arnold Young, David Young and Leo Zurier.

Jeffrey Vock

He notes that most of A&M's customers use various forms of Just-In-Time inventory and have come to expect next-day delivery.

"Only those distributors who have formidable inventories can handle that type of service. And it's going to become even more important in the years to come. One of our prime responsibilities is to locate an item and get it delivered on time," says Young .

Be ever so humble

But he also attributes success to a proletarian approach to business.

"We train our people to be humble," Young explains, "to always be receptive and to always think like a poor person, not think like a rich person. We tell each of our employees to think in terms of trying to help somebody in order to get their business, in order to gain their favor. And that's basically what I feel is our strength, the fact that we have an excellent relationship with the people we serve," he says.

But he also stresses that "personality and effort aren't the whole story." Young points out that even in the mundane world of pipe and valves, technical expertise is becoming increasingly important as the company gets more involved with instrumentation, control valves and gauges.

As a result, two of the company's 70 employees are salespeople with degrees in mechanical engineering.

With pipe, valves and fittings accounting for 65% of its sales, A&M's three most important markets are pharmaceutical manufacturing, petrochemicals and chemical companies, in that order. The remaining 35% of the company's business is a mix of cutting tools, abrasives, fasteners and other MRO supplies.

According to Young, much of the credit for A&M's success in its pipe and valve business belongs to Leo A. Zurier, the firm's industrial piping manager and vice president.

Zurier, who joined A&M in 1985, says that plumbing is a family tradition with his father and uncles working in the industry.

He reports that A&M is now diversifying into engineered high tech products, many of which didn't exist several years ago. "We do a big job in steam specialties. And we're selling a lot of corrosion-resistant fiberglass-reinforced plastics," he says.

Zurier sums up his version of the company's philosophy by saying "No matter what you're selling, as a distributor you have to be a service organization. That's the key: quality material, and most importantly, service. At the same time, you have to try to be as competitive as you can . . . without giving the store away."

From hardware to valves

A&M was founded in 1954 by Brooklyn-born 'A' for Arnold Young and 'M' for Michael Gerstman. The original business opened by the two partners was a retail hardware and variety store in Newark.

'It was basically hardware and housewares and we had some notions and some other things like books," recalls Young.

"In the early days we had no money and very little talent but we had a lot of chutzpah. We also had a lot of what you would call motivation," reports Young.

But the partners found it difficult, at first, to make money.

"We struggled, really struggled," reports Young. "We worked seven days a week, day and night, with no days off and no time off. And all

the money we made in those days we reinvested into the company."

Because money was tight, the two partners decided to augment the income from the store by selling on weekends from booths set up in farmers markets located in the area. At the markets, the partners sold fishing tackle, hunting equipment, and "any kind of novelty items that we were able to pick up. We even sold Christmas trees, ornaments and lights," says Young.

But the partners soon saw the handwriting on the wall and it spelled "mass merchandising" and "discounters." As a result, in 1962 they sold their retail business and turned to industrial supply. Three years later the increasingly successful company moved from Newark to Elizabeth, New Jersey and in 1969 Arnold bought out his partner and Mike Gerstman retired to Israel.

By 1981, A&M had moved again from Elizabeth to the company's present 65,000 sq ft location in Rahway.

Arnold's only son, David,—now senior vice president—joined the business in 1985, three years after he graduated from New York University. And like Leo Zurier, David is an articulate apostle of Arnold's business credo.

"Everything in our business really boils down to the rapport that we can establish with a customer. And I think one of the reasons our sales have been able to expand the way they have over the last few years is because we work very hard at trying to build that rapport. We believe that our future growth depends on staying in close contact with our customers," David Young emphasizes.

'Everything in our business really boils down to the rapport that we can establish with a customer.'—David Young

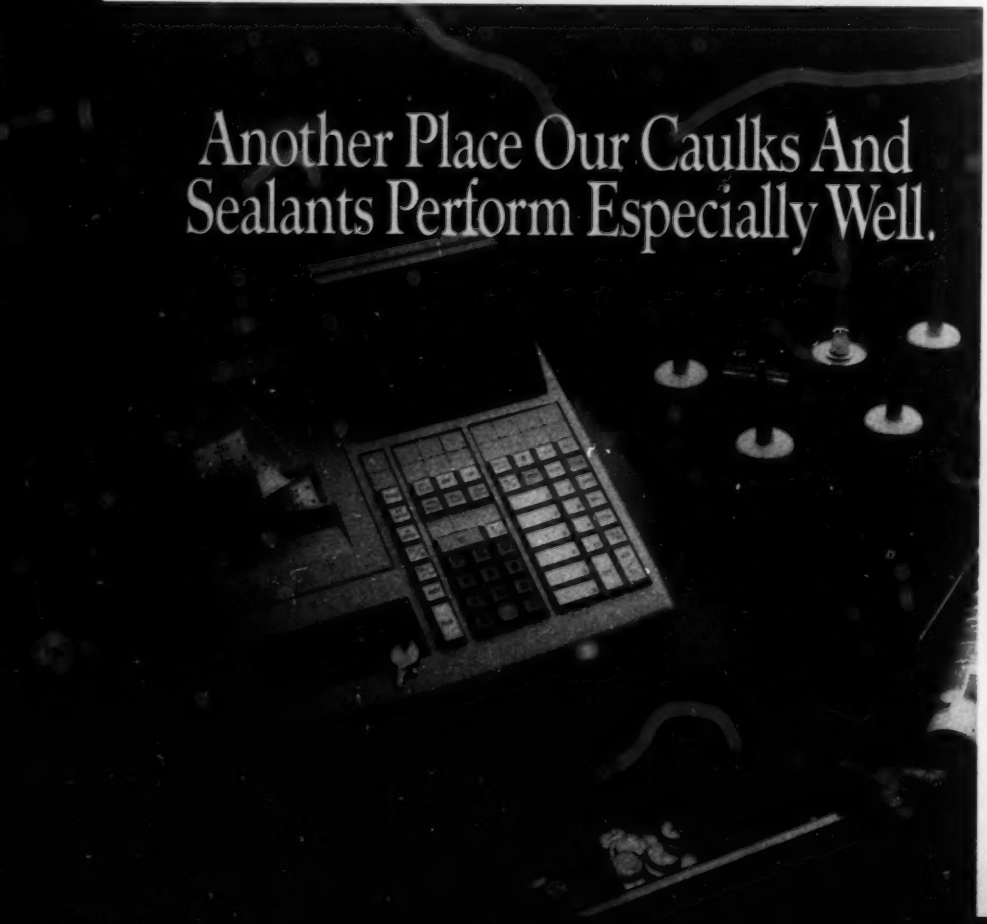
To look at Arnold Young today, you would assume that he is a man fulfilled, operating a successful company and grooming his son to take over the reins in the not too distant future. But retirement is the farthest thing from his mind.

"My dream one day is to put together a total package of industrial supplies, such as pipes and valves along with a good electrical supply business and a good bearing distributorship. We could form a network that would probably be the biggest and best industrial distributorship in the market because we literally could go into any industry and take most of their business. It would really be one-stop shopping," Arnold says.

The veteran says that industrial distribution will never be totally affected by a bad economy because we are so diverse. We're fortunate that we have products we can offer to a wide variety of industries. I always have the option of knowing that if people aren't buying pipe or valves, maybe we'll sell more cutting tools or more fasteners or something else altogether."

At this, you can't help thinking of Young and Gerstman selling Christmas trees 37 years ago when the hardware business got a little slow.

And you realize that for Arnold, it's the same game. The only difference now is that the ante has been raised to $14 million. ID



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► CIRCLE NO. 16

By Paul Waters

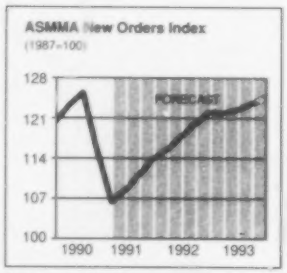
End to sliding leadtimes in 1991

Changes too small, however, to rekindle finished goods inflation.

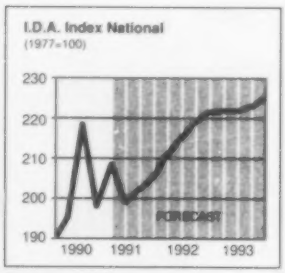
The Cahners leadtime index of 125 industrial materials has finally shown signs of stopping its consistent slide.

The feeling that a recovery began late in the second quarter is supported by leadtimes' recent movements; they have been stretching. The leadtime index in the first quarter of 1991 was 2% above levels in the same period in 1990; the first quarterly rise since early 1989. The forecast is for further small jumps in the second quarter, with the index beginning a steady upward march near summer's end.

Look for delivery times on components and materials to stretch slightly. Distributors need not worry too much about leadtimes, however. With ample productive capacity available in the economy, any rise in leadtimes will be short lived. Expect a quick reaction by most materials sectors to keep leadtimes in their current range during 1992, before sliding somewhat in 1993.



Data source: ASMMA
Forecast source: Cahners Economics



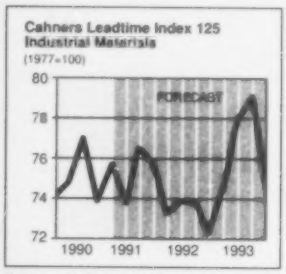
Data source: I.D.A.
Forecast source: Cahners Economics

The combination of slack demand and excess manufacturing capacity not only tamed leadtimes during the last six months, but dragged down producer price inflation. The biggest price slides in the first half of the year came in the crude materials basket, of which crude fuel is nearly 24%. The outlook calls for crude materials producer prices to slip 5.1% this year, followed by a mere 0.9% rise in 1992.

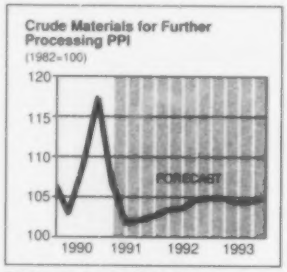
Price cuts worked their way downstream in manufacturing, as well, with producer prices on intermediate materials and components sliding steadily since November, 1990. Expect inflation in this category to rise slightly after mid-year, but total an anemic 0.5% for all of 1991. Increased manufacturing activity will boost the index 1.1% in 1992.

As a result of weak material prices, producer prices for finished goods will rise just 2.6% this year; mild in comparison to 1990's 5% jump. In fact, don't expect producer price inflation to threaten the coming rebound. The outlook calls for a cautious, mild expansion. Finished goods inflation will hit 3.8% in 1992, and just 2.6% in 1993 as the rebound ends.

Cahners Economics' *Top U.S. Construction Market for 1992* is now available for $75. This 30-page report covers 7 types of construction in each of the top 50 metro markets. Call Dan Buchan at (617) 630-2105.



Data source: *Purchasing*/Cahners Economics
Forecast source: Cahners Economics



Data source: Bureau of Labor Statistics
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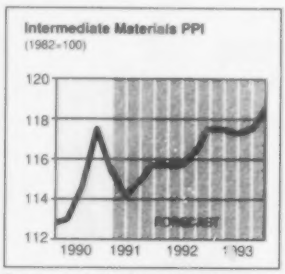

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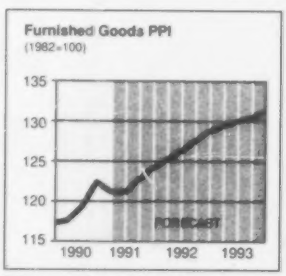

Data source: Bureau of Labor Statistics
Forecast source: Cahners Economics

(1977=100)	SALES May 1991	SALES Apr. 1991	SALES May '91 vs May '90 % change	RECEIVABLES May 1991 days	INVENTORY May-Apr. 1991 % change
TOTAL	223.4	208.5	+13.9	39.6	-1.5
EAST	201.7	209.2	+15.1	41.3	-0.7
SOUTH	360.5	337.3	+35.6	36.2	-2.5
CENTRAL	166.3	154.8	+0.4	42.7	-1.6
WEST	214.0	204.6	+2.6	36.6	-0.5

SOURCE: Industrial Distribution Assn.